

Abolish Empty Office Buildings

2019 Annual General Meeting
AEOB House People Ltd.
Saturday 8 June 2019
3-5pm, The Station Bristol BS1 2AG



AEOB volunteers present:

- Elinor Kershaw (EK) Director
- Jim Kinnaird (JK) Director
- Michael Tuckwell (MT) Treasurer
- Christopher Bull (CB) Steering group member
- Xuela Edwards (XE) Steering group member
- Apologies: Tony Crofts (TC) and Libby Spanton (LS) Directors

Shareholders present:

Ms Auset, Ms Clinton, Ms Goodman, Mr & Mrs Llewellyn, Ms Thorn, Mr & Mrs Vickers and representative from Bristol Area Quaker Meeting.

Agenda

- Financial reports
- Battens Lane update
- Board and Steering Group acceptance of new officers
- Discussion of current situation and future strategy
- AOB

Welcome, thanks, housekeeping, review of agenda and timings and invitation to ask questions

Financial reports, presented by AEOB treasurer, MT

Please see documents presented: Report and Financial Statements year ended 31 December 2018 and the Treasurer's Report 8 June 2019

MT outlined his background with Bristol Quakers for 6 years and joining AEOB in April 2018 following the departure of previous treasurers and gap without anyone in the office. Recapped on the issues with accounts and resulting reliance on bank statements at Board meetings. Updated on the work with accountants Burton Sweet to finalise outstanding accounts. Subject to the support of the shareholders present, once signed the Report and Financial Statements year ended 31 December 2018 represent AEOB now being up to date with accounts returned to the FCA.

MT highlighted key figures in the accounts, notably expenditure of around £49,000 and income of around £50,000, illustrating a slender annual surplus. He pointed out where the expenditure goes, with the largest regular fees to repaying the loan from Bristol Quakers and the Triodos mortgage which has around 18 years to go.

MT explained that the offer of a payment to shareholders was made prior to him finalising financial statements and that a 1% disbursement would be cost AEOB around £6,000. With improved insight into the

finances, he did not feel that AEOB were in a position to make an interest payment to shareholders and had asked the Board to reconsider the offer which had been communicated to shareholders.

His summary: the good news is that a group of people who were in need of homes now have them, but the bad news is that at the current rate it is unlikely that AEOB will be in a position to pay interest to shareholders during the period of the mortgage repayments.

Q from shareholder: Are the tenants all secure? The people are obviously vulnerable, especially during the climate of draconian changes to benefits.

Answered by EK: Tenants have a six month probation period and upon completion there is a review with them and the other tenants. With agreement, they then move to an assured tenancy which is more secure than the standard terms offered in the current rental market. The assured tenancy still requires tenants to keep to the terms of the tenancy agreement.

This year we developed an arrears policy which follows a 'flow chart' with the emphasis on inviting communication with AEOB and AEOB being supportive to tenants experiencing disruption with their income. It includes AEOB offering flexibility and signposting to local support services such as debt advice.

Q from shareholder: Does the charity's title suggest a vision of continuing to develop more and more properties or to stick to the current, single project?

Answered by MT: MT outlined the inception of the project from Tony Crofts who has a successful track record in affordable housing initiatives. MT recalled the meeting where Tony asked the Quakers to back AEOB and the vision was certainly to continue creating homes from empty office buildings.

AEOB's growth is one of the big questions the board considers when it meets. If Tony was here he'd be talking about the drive to keep going. As treasurer, MTs priority is more about the business case and financial sustainability.

EK added that she and Jim who have been involved since the early days of AEOB, and in community housing in Bristol have both experienced the challenge of trying to find the kind of accommodation that AEOB offers. They continue to follow community led housing and have observed that the landscape in Bristol has changed, and is still changing. EK has spoken about AEOB's experience at housing conferences and helped organisations like Power to Change to shape their policies. AEOB has contributed to the changes in the landscape and in principle; we would like to continue to pursue new projects. We are still learning and we need both the capacity and the financial stability to move forward. We hope to consolidate what we've learned when capacity allows.

Noted that shareholders present were also interested in future projects.

Qs from shareholders: as we learn, are we continuing to share & do we generate income from the 'consultancy' of what we've learned?

Answered by EK: We are still learning and AEOB is often invited to share as part of a community of others pooling knowledge. Capacity has held us back from producing or publishing a summary of what we've learned or to explore formal, charged for services.

XE added that our recent focus has been on supporting our tenants during AEOB's early stages of being landlords. We are now trying to add in improvements to the way we interact with our shareholders and share a desire to be better, rather than always trying to catch up. We hope to address this through recruiting more volunteers.

MT explained the dilemma around offering benefit to our shareholders. His financial point of view is that it would be sensible for the future to consider linking with a like-minded organisation to share risk and opportunities.

EK added that in time we could reflect on what we've learned through experiencing every stage of bringing Battens Lane to fruition. We will know the elements of the whole that we most wish to pursue. This will inform any future, complementary conversations as the community housing landscape has many models, such as land trust models, which don't seek to represent every stage in the process either.

MT returned to his presentation of the annual accounts, at page 9

The shareholder input is £644, 545. Triodos, our mortgage lender is a helpful bank but still a bank.

The budget page shows that AEOB income forecast is based on a 90% occupancy. Rents range from £550 – £675 rents per month with no focus on profit generation. You can see the payments to Triodos, which are unlikely to go down significantly due to model of repayment loan.

MT talked about utilities and the work of Clean Energy Prospector (Cepro) <http://www.cepro.co.uk/> who monitor energy use at Battens Lane and our Feed in Tariff. It has taken a lot of grappling with Eon to extract the income of around £5,200 from the feed in so this includes a significant back payment. In future income should be more regular. Generally, housing benefits are paid to tenants, not directly to AEOB.

MT ran through the expenditure line by line. Regretfully, little room for manoeuvre.

Q from shareholder: How much is the loan to Triodos?

A £375,467 (stated within accounts)

Statement from shareholder: The priority is to the tenants, not to shareholders, and AEOB should stick to that ethos.

MT thanked the shareholders present for their helpful comments and explained for balance that some shareholders have asked for partial or full share repayments. As it is the legal responsibility of the board to put the financial security of the organisation first, this impacts on issuing interest or returning shares.

Q from shareholder: Agreeing with the statement about the priority being tenants, asked if shareholders could convert their shares to donations to AEOB? If so, would that be beneficial? Could AEOB make information about that option available to shareholders.

MT & EK The expression of support is very welcome. It wouldn't be appropriate for AEOB to encourage a change from shares to donations but we certainly explore the option and can present the views of our shareholders.

Q from shareholder: Would having *fewer* shareholders be beneficial?

EK explained that part of the strength of the organisation is that we are a group of members. When exploring the legal and governance issues of converting shares to donation, it would be good if shareholders who participated could remain as members.

XE we are keen to invite greater shareholder involvement, improve communication and to hear from all sides. We accept that we haven't done a great job of keeping shareholders up to date since our volunteer who led on communications left. We also appreciate the amount of time that Tony and his wife gave to shareholder liaison and now that he is retiring from the Board, we need to build capacity in this area.

Q from shareholder: Could we have an email group, rather than receiving communications via website.

Q how many shareholders are there? Around 230. With investments between £50 and £30,000.

EK We want to respond to all shareholders as every one is important to us. We want to help answer those questions.

EK explained the confusion around the value of the share option which is £50 not £1. Shareholders all have equal votes. Discussed the pros and cons of the two amounts such as inclusivity and EK explained that £50 could be paid in instalments. Also explained that the first share offer was closed, and a second one yet to open. The Board have explored succession and how to bring in new directors (who must be shareholders) between share issues and have recently resolved this.

EK confirmed that we would explore how AEOB can help shareholders talk to each other as a community, as well hearing from AEOB. We would need to explore the regulatory issues.

EK outlined the 'hardship model' that the Board are looking at establishing. This is to respond to people who need to ask for their shareholding back. It is a work in progress; we don't have 'spare' money to repay shares but at the end of each financial year we hope to be able to set aside a small amount without compromising financial sustainability. The process will be managed by a sub-committee who will register requests and try to respond to hardship requests. MT confirmed our experience of real life cases of needs.

AEOB, will communicate the options once it has been confirmed.

Statement from shareholder: The donation of shares doesn't actually give AEOB more money, it is still all tied up in the building until the mortgage is repaid.

EK Confirmed this is the reality and explained that a change from share to donation is still a very generous offer which could provide AEOB with greater flexibility. For context, AEOB has received donations but has chosen not to use donations to repay shareholder requests for ethical and legal reasons. It has been a dilemma that the Board has given a good deal of time to because of the respect we have for our shareholders and donors.

Question from the treasurer: are the assembled shareholders if they were happy to support the accounts? Approved confirmed by show of hands. With support, the directors will accept accounts as accurate record.

Update from Battens Lane

EK explained Libby Spanton's background as a shareholder and her tenancy liaison role on the Board. Broadly, the tenants are settled although like any community they are experiencing ups and downs.

The tenants have established their own cooperative and they have been looking into funding opportunities such as grants for children's gardens. They are meeting regularly and using the shared space that was built in to the design of Battens Lane.

Individual tenants and their cooperative do ask for support from AEOB and we are mindful to strike the right balance between helping and empowering them.

They have the use of the garden at long last. Last year, an asbestos check showed significant levels of lead contamination. Unfortunately, the late detection caused extra disruption. For example, a wall that had just gone up, had to come down to allow for the removal of the soil. The contaminated soil has been replaced with clean soil and turfed which JK has helped with and MT contributed a lot of time to the liaison with the contractors.

Q from shareholder: How many people live at Battens Lane?

EK: 6 households are home to 6-7 adults and 5 children.

Statement from shareholders: gardens are important for children. JK updated shareholders on tenants' plan to develop the garden and murals. They are also going to try and form a food co-op.

EK explained that the tenants hold a range of individual values and that they are a group brought together by necessity. They are mostly the original tenants, and over 2.5 years they've become a community. They lead on the interviews for new tenants; their co-op has treasurer and they have a nominated maintenance coordinator. When EK completed a property inspection recently, the properties are in good condition which suggests that the initial investment is helping sustain them.

In terms of AEOB's reserves policy, the amount we suggest setting aside is for unforeseen costs like those we have experienced such as dealing with the lead contamination and future repairs and maintenance. The feed in tariff income is based on two levels, an original installation with a more favourable rate and an additional, more recent supply. AEOB is changing to Good Energy.

Board composition

Directors are EK, JK, TC with MT co-opted as Treasurer last year. They are supported by LS, CB & XE.

Part of the way through the year, LS offered to act as Director as she is also a shareholder.

TC is stepping down to mark his birthday.

MT is stepping down as Treasurer with the suggestion that CB, who is a book keeper and long standing steering group member take over.

Shareholders were invited to ratify Libby Spanton and Christopher Bull's transition to Directors by show of hands. This was ratified.

XE summarised action to recruit more volunteers, acknowledging that TC has contributed a huge amount.

Any other business

MT – AEOB must advise the FCA of the change of registered address which is currently listed as TC's home address. AEOB will update the contact information via the circulation of minutes for all shareholders:

Care of Askew Cavanna, 14 Backfields Lane, Bristol BS2 8QW

Q from shareholder: As Bristol has a number of community housing different options, have any groups emerged as particularly like-minded, or any conversations had?

EK agreed that there are a fair amount of community led initiatives. They are not all necessarily tackling housing need, some emphasis on affordable housing. There is a gap for people in need and setting up from scratch is hard when you are reliant on rental income. Ambition Lawrence Weston for example is a project combining some self-build, some self-finish and partial ownership. There is less support for people emerging from crisis.

MT mentioned that in discussions with the Head of Finance at YMCA, they were interested in what AEOB is doing.

Q from shareholder: is anyone else targeting empty office buildings?

EK, not really but what has changed in the dynamic. Bristol City Council was talking about releasing a number of buildings but they have now changed policy to setting up their own housing company, which has the advantage of the council's backing, to repurpose these buildings.

Shareholder statements:

YMCA offer some help for vulnerable young people.

This is a very valuable project; we will see a dozen young people who have no homes on walk home from the meeting.

Saturday afternoon works well for shareholders to attend these meetings.

It is a national scandal! We need to be aware of what we can do to respond.

Closing comment from EK, I'm glad AEOB had the courage to do it! We're helping people who are falling through the gaps. It was difficult, but it was worth it!

Shareholder statement: good for you!

Thanks to everyone for attending and for all support.